

## Message Text

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65

ACTION EA-10

INFO OCT-01 ISO-00 EUR-12 EB-07 TRSE-00 L-03 COME-00

OPIC-03 CIAE-00 INR-07 NSAE-00 SS-15 SP-02 NSC-05

AS-01 /066 W

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R 161032Z JUN 75

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 9751

INFO AMEMBASSY BANGKOK

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E.O. 11652: N/A

TAGS: EIND, BM

SUBJECT: STATUS OF BLOCKED FUNDS

REF: STATE 118991

1. ASSISTANT DIRECTOR GUB MINISTRY OF TRADE REITERATED GUB POLICY RE BLOCKED FUNDS IS THAT SUCH FUNDS MAY NOT BE REPATRIATED AND WILL BE RELEASED FOR INTERNAL USE ONLY FOR "VALID REASON". EMBASSY HAS ALSO CONSULTED WITH BRITISH EMBASSY RANGOON ON SUBJECT AS BLOCKED FUNDS OF UK COMPANIES IN BURMA AMOUNT TO SOME K 54 (\$8.8) MILLION. BRITISH EMBASSY HAS BEEN CARRYING ON CONTINUING DIALOGUE WITH UNION BANK OF BURMA REGARDING THESE FUNDS AS WELL AS NATIONALIZED BRITISH-OWNED PROPERTY. BRITISH EMBASSY FIRST SECRETARY CLAIMS THAT DESPITE THEIR CONSTANT EFFORTS USING ALL MANNER OF PERSUASION AND PRESSURE, NO SATISFACTORY PROGRESS HAS BEEN MADE, BUT SUBJECT REMAINS ONE OF CONTINUING NEGOTIATION (IN FACT, FIRST SECRETARY HAS APPOINTMENT WITH BANK OFFICIALS TODAY TO DISCUSS MATTER). UNION BANK CHAIRMAN REMARKED TO EMBOFF THAT GUB AT ONE POINT OFFERED LUMP-SUM SETTLEMENT WHICH HMG REJECTED AS INADEQUATE.

2. EMBASSY CONCURS THAT U.S. COMPANIES SHOULD BE ENCOURAGED TO PRESS THEIR CLAIMS, BUT WE DOUBT THAT GUB WOULD MAKE SEPARATE LIMITED OFFICIAL USE

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SATISFACTORY SETTLEMENT WITH U.S. FIRMS THAT BRITISH COULD THEN

CITE AS PRECEDENT FOR THEIR LARGER CLAIMS. ON THE OTHER HAND, AN AGREEMENT WITH BRITISH WOULD PROBABLY SET ACCEPTABLE PATTERN FOR SUBSEQUENT ONE WITH U.S. FIRMS. HENCE, WE THINK IT TACTICALLY PREFERABLE TO LET BRITISH TAKE LEAD IN THIS MATTER.

3. AS FOR GUB ATTITUDES TOWARD SETTLEMENT, APPARENTLY GUB SEES NO INCONSISTENCY BETWEEN ITS POLICY ON BLOCKED FUNDS AND THE FEW HESITANT STEPS IT HAS TAKEN TO OBTAIN GREATER FOREIGN INVOLVEMENT IN BURMA'S ECONOMY. BURMESE OFFICIALS RESPONSIBLE FOR FUNDS SEEM UNCONCERNED ABOUT HOW ISSUE COULD DAMAGE GUB REPUTATION. THE ONE GUB AGENCY CONCERNED WITH THESE FUNDS THAT WOULD PERHAPS BE MORE RESPONSIVE TO AN APPROACH BASED ON BURMA'S INTERNATIONAL REPUTATION IS THE UNION BANK OF BURMA. HOWEVER, BANK OFFICIALS CLAIM THEY DO NOT WISH TO DISCUSS THE TOPIC IN GENERAL BUT ONLY ON A SPECIFIC CASE-BY-CASE BASIS. SINCE THE EMBASSY HAS NO DOCUMENTATION OR EVEN PROOF OF A SPECIFIC CLAIM BY A U.S. FIRM (GUB AGENCIES INVOLVED HAVE TURNED ASIDE PAST EMBASSY INQUIRIES ON SUBJECT STATING THEY HAD NO RECORD OF A CLAIM BY U.S. COMPANY ON FILE), BANK OFFICIALS HAVE REFUSED TO GO INTO THE MATTER WITH THE EMBASSY.

4. IN THIS CONNECTION, THE EMBASSY WOULD BE IN MUCH BETTER POSITION TO ASSIST WITH CLAIMS OF U.S. FIRMS IF WE WERE FULLY INFORMED AS TO WHAT STEPS THESE FIRMS HAVE ALREADY TAKEN WITH THE GUB AND THE EXACT NATURE OF THEIR CLAIMS. FROM TIME TO TIME WE RECEIVE INQUIRIES AS TO STATUS OF THESE CLAIMS, BUT WE ARE COMPLETELY STYMIED WHEN, AFTER A TIME CONSUMING CHECK WITH EACH OF THE VARIOUS GUB AGENCIES THAT COULD BE INVOLVED, WE ARE TOLD THAT THESE AGENCIES HAVE NO RECORD OF SUCH A CLAIM BY FIRM MAKING THE INQUIRY. IN PAST WE HAVE SUGGESTED THAT THESE FIRMS PROVIDE THE EMBASSY WITH INFO COPIES OF ANY CORRESPONDENCE THEY MAY HAVE HAD WITH A GUB AGENCY REGARDING THEIR CLAIM. WE WOULD THEN HAVE A STARTING POINT AND SOME PROOF THAT A CLAIM HAS ACTUALLY BEEN SUBMITTED. TO DATE NO FIRM HAS PROVIDED US WITH SUCH INFO COPIES RELATING TO BLOCKED FUNDS.

5. WITH PROPER DOCUMENTATION, THE EMBASSY IS PREPARED TO MAKE FURTHER AND HIGHER LEVEL APPROACHES TO THE GUB REGARDING THIS MATTER. IN MEANTIME WE SHALL CONTINUE TO MONITOR BRITISH APPROACHES ON ASSUMPTION THAT ANY SETTLEMENT WITH U.K. FIRMS LIMITED OFFICIAL USE

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WILL SET PRECEDENT FOR SIMILAR ARRANGEMENT WITH U.S. FIRMS.  
OSBORN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BLOCKED ASSETS, POLICIES, NEGOTIATIONS, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 118991  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 08 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** STATUS OF BLOCKED FUNDS  
**TAGS:** EIND, BM  
**To:** STATE  
**Type:** TE  
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